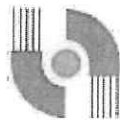


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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

PAT0065 – FINANCIAL ACCOUNTING
(Foundation in Management)

2 March 2016
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of 6 printed pages excluding cover page with 6 questions only.
2. Answer **ALL** questions. Marks are shown at the end of each question.
3. Answer in the answer booklet provided.

QUESTION 1

D. Saunders is a manufacturer. His trial balance at 31 December 2015 is as follows:

| Accounts | Debit (RM) | Credit (RM) |
|--|----------------|----------------|
| Delivery van expenses | 2,500 | |
| Lighting and heating: Factory | 2,859 | |
| Office | 1,110 | |
| Manufacturing wages | 45,470 | |
| General expenses: Factory | 5,640 | |
| Office | 3,816 | |
| Sales representatives: Commission | 7,860 | |
| Purchase of raw materials | 39,054 | |
| Rent: Factory | 4,800 | |
| Office | 2,200 | |
| Machinery (cost RM 50,000) | 32,500 | |
| Office equipment (RM 15,000) | 11,000 | |
| Office salaries | 6,285 | |
| Debtors | 28,370 | |
| Creditors | | 19,450 |
| Bank | 13,337 | |
| Sales | | 136,500 |
| Premises (cost RM 50,000) | 40,000 | |
| Inventory at 31 December 2014: Raw materials | 8,565 | |
| Finished goods | 29,480 | |
| Drawings | 8,560 | |
| Capital | | 137,456 |
| | <u>293,406</u> | <u>293,406</u> |

Additional information:

1. Inventory at 31 December 2015: raw materials RM9,050, finished goods RM31,200. There is no work in process.
2. Depreciation per annum was made for machinery RM2,000, office equipment RM1,500 and premises RM 1,000.
3. Manufacturing wages due but unpaid at 31 December 2015 was RM305 and prepaid office rent was RM108.

Required

Prepare a manufacturing account for the year ended 31 December 2015.

(Total 15 marks)

Continued

QUESTION 2

Long Lane Football Club Receipts and Payments Account for the year ended 31 December 2015

| | RM | | RM |
|-----------------------------|--------------|--------------------------|--------------|
| Bank balance 1.1.2015 | 524 | Payment for bar supplies | 3,962 |
| Subscriptions received for: | | Wages: | |
| 2014 (arrears) | 55 | Groundsman and assistant | 939 |
| 2015 | 1,236 | Barman | 624 |
| 2016 (in advance) | 40 | Bar expenses | 234 |
| Bar sales | 5,628 | Repairs to stands | 119 |
| Donations received | 120 | Ground upkeep | 229 |
| | | Secretary expenses | 138 |
| | | Transport costs | 305 |
| | | Bank balance 31.12.2015 | 1,053 |
| | <u>7,603</u> | | <u>7,603</u> |

The treasurer of the Long Lane Football Club has prepared a receipts and payments account, but their members have complained about the inadequacy of such account. The treasurer gives the accountant a copy of the receipts and payments account together with the information of assets and liabilities at the beginning and end of the year.

Notes:

1.

| | 31/12/2014 (RM) | 31/12/2015 (RM) |
|--------------------------------|-----------------|-----------------|
| Inventories in the bar at cost | 496 | 558 |
| Owing for bar supplies | 294 | 340 |
| Bar expenses owing | 25 | 36 |
| Transport costs | - | 65 |

2. Depreciation expenses provided as below:

| Non-current assets | Cost (RM) | Rate (%) |
|--------------------|-----------|----------|
| Land | 4,000 | - |
| Football stand | 2,000 | 10 |
| Equipment | 550 | 20 |

3. Subscriptions owing by members amounted to RM 55 on 31 December 2014, and RM 66 on 31 December 2015.

Continued

Required

Prepare the income and expenditure account for the year ended 31 December 2015.

(Total 15 marks)

QUESTION 3

Hughes, Allen and Elliott
Statement of Financial Position as at 31 December 2015

| Assets: | RM |
|--------------------------|---------------|
| Buildings at cost | 8,000 |
| Motor vehicles (at NBV) | 3,550 |
| Office fittings (at NBV) | 1,310 |
| Inventory | 2,040 |
| Debtors | 4,530 |
| Bank | <u>1,390</u> |
| | <u>20,820</u> |
| | |
| Capitals: | |
| Hughes | 9,560 |
| Allen | 6,420 |
| Elliott | <u>4,840</u> |
| | <u>20,820</u> |

Hughes, Allen and Elliott are partners and have shared profits and losses in the ratio of 5:3:2. From 1 January 2015, the assets were to be revalued as the profit-sharing ratios are to be altered soon. The following assets are to be revalued to the figures shown:

| Non-current assets | RM |
|--------------------|---------|
| Building | 175,000 |
| Motor vehicles | 2,600 |
| Inventory | 1,890 |
| Office fittings | 1,090 |

Required

a) Prepare the revaluation account.

(11 marks)

b) Prepare the capital accounts.

(9 marks)

(Total 20 marks)

Continued

QUESTION 4

The balances extracted from the books of Jubli Perak Ltd at 31 December 2015 was as follows:

| | RM |
|--|---------|
| Ordinary shares capital | 200,000 |
| 8% Preference shares capital | 80,000 |
| Interim dividend for ordinary shares | 14,000 |
| Interim dividend for preference shares | 2,000 |
| General reserves (31 December 2014) | 45,000 |
| 10% Loan notes | 70,000 |
| Retained earnings (1 January 2015) | 45,500 |
| Office equipment at cost | 65,000 |
| Accumulated depreciation on office equipment | 15,800 |
| Gross profit (31 December 2015) | 85,700 |
| Rent | 4,000 |
| Interest loan | 6,000 |
| Water and electricity | 2,200 |
| Wages and salaries | 50,800 |
| Allowance for doubtful debts | 1,580 |
| Trade receivables | 40,000 |
| Commission received | 35,000 |
| Bank | 25,300 |

Additional information:

- i) Water and electricity accrued at 31 December 2015 amounted to RM1,000.
- ii) Wages and salaries paid in advance at 31 December 2015 amounted to RM1,100.
- iii) Commission received in advance on 31 December 2015 amounted to RM100.
- iv) The allowance for doubtful debts is to be increased by RM 500.
- v) Depreciation charge is to be made on office equipment at the rate of 10% per annum on cost.
- vi) Corporate tax of RM2,800 will be payable on the profit of this year.
- vii) The directors decided to:
 - Transfer RM 12,000 to general reserves;
 - Provide for dividend on preference shares;
 - Propose a dividend of 10% on the ordinary shares.

Required

Prepare the income statement and statement of changes in equity for the year ended 31 December 2015. (Total 20 marks)

Continued

QUESTION 5

The following information was extracted from Super Supreme Enterprise as at 31 December 2015:

Super Supreme Enterprise
Statement of Financial Position as at 31 December 2015

| | RM | RM |
|--------------------------------|--------|---------|
| Non- Current Assets | | 230,000 |
| Current assets | | |
| Inventories | 28,500 | |
| Bank | 39,450 | |
| Account Receivable | 16,000 | |
| Prepaid expenses | 2,500 | 86,450 |
| | | 316,450 |
| Financed by: | | |
| Owner's Equity | | |
| Capital | | 100,000 |
| Add: Net Profit | | 56,550 |
| | | 156,550 |
| Less: Drawing | | (6,600) |
| | | 149,950 |
| Non-Current Liabilities | | |
| 5% Term Loan | | 100,000 |
| Current Liabilities | | |
| Account payable | 60,000 | |
| Accrued expenses | 6,500 | 66,500 |
| | | 316,450 |

Additional information:

1. Net sales and cost of sales of the year were RM210,000 and RM84,000 respectively.
2. All sales were made on credit.
3. Inventories as at 1 January 2015 were valued at RM15,500.

Continued

Required:

Calculate the following accounting ratios for the year ended 31 December 2015 for Super Supreme Enterprise:

- a) Current ratio (3 marks)
- b) Acid-test ratio (3 marks)
- c) Gross profit margin (3 marks)
- d) Inventory turnover ratio (3 marks)
- e) Accounts receivable collection period (all sales are credit sales) (3 marks)

(Total: 15 marks)

QUESTION 6

The following information relates to SKY Net Bhd. for the year 2015 and 2014:

| | 2015 (RM) | 2014 (RM) |
|--------------------------|-----------|-----------|
| Cash | 165,000 | 50,000 |
| Accounts receivable, net | 410,000 | 460,000 |
| Inventory | 300,000 | 320,000 |
| Prepaid expenses | 20,000 | 15,000 |
| Long Term Investment | 50,000 | 25,000 |
| Land | 560,000 | 300,000 |
| Building and Equipment | 2,000,000 | 1,900,000 |
| Accumulated Depreciation | (830,000) | (770,000) |
| Accounts payable | 300,000 | 120,000 |

The following are transactions for the year 2015:

- i) Net profit after tax was RM110,000.
- ii) Depreciation per annum on building and equipment was RM60,000.
- iii) The company sold equipment with a book value of RM 20,000 (the cost of the equipment was RM50,000 and its accumulated depreciation was RM30,000) for RM17,000 cash.
- iv) Land of RM260,000 was purchased for cash.
- v) The company declared and paid cash dividend of RM60,000.

Required

Prepare the statement of cash flow for SKY Net Bhd. for the year ended 31 December 2015 by using direct method.

(Total 15 marks)

End of Page